

**TANGIPAHOA PARISH FIRE PROTECTION  
DISTRICT NO. 1  
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENT  
AS OF AND FOR THE  
YEAR ENDED DECEMBER 31, 2011

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Annual Financial Statements

As of and for the Year Ended December 31, 2011  
With Supplementary Information Schedules

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## Independent Auditor's Report

Mr. E. Ray Glasgow, Chairman, and  
Members of the Board of Commissioners  
Tangipahoa Parish Fire Protection District No. 1  
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of Tangipahoa Parish Fire Protection District No. 1, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Fire Protection District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Tangipahoa Parish Fire Protection District No. 1, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2012, on our consideration of the Tangipahoa Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of compensation paid board of commissioners (Schedule 2) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that schedule is fairly stated in all material respects in relation to the financial statements as a whole. The list of insurance policies in force marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Peddelahoe & Co., LLP*

July 10, 2012

## **Management's Discussion and Analysis**

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Management's Discussion and Analysis

December 31, 2011

As management of the Tangipahoa Parish Fire Protection District No. 1, Amite, Louisiana (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2011. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the District's finances. It is also intended to provide readers with an analysis of the District's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

**1. Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or weakening.
- B. The *statement of activities* presents information showing how the District's net assets change during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes or fees).

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Management's Discussion and Analysis (Continued)

December 31, 2011

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net assets for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Assets on Exhibit A of this report.

	<u>Government Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 1,140,331	\$ 980,719	\$ 159,612	16.27%
Capital Assets	<u>2,516,449</u>	<u>2,676,359</u>	<u>(159,910)</u>	-5.97%
Total Assets	<u>\$ 3,656,780</u>	<u>\$ 3,657,078</u>	<u>\$ (298)</u>	-0.01%
Liabilities:				
Current Liabilities	\$ 69,681	\$ 48,709	\$ 20,972	43.06%
Long-Term Liabilities	<u>664,803</u>	<u>671,950</u>	<u>(7,147)</u>	-1.06%
Total Liabilities	<u>\$ 734,484</u>	<u>\$ 720,659</u>	<u>\$ 13,825</u>	1.92%
Net Assets:				
Invested in Capital Assets	\$ 1,851,646	\$ 2,004,409	\$ (152,763)	-7.62%
Restricted	35,776	-	(35,776)	100.00%
Unrestricted	<u>1,034,874</u>	<u>932,010</u>	<u>102,864</u>	11.04%
Total Net Assets	<u>\$ 2,922,296</u>	<u>\$ 2,936,419</u>	<u>\$ (14,123)</u>	-0.48%

A portion of the District's net assets (63.36%) reflects its investment in capital assets (e.g., equipment, furniture, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the District's net assets are restricted for debt service. The remaining balance of unrestricted net assets (\$1,034,874) may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

To further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's operating activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For a more detailed analysis, see the Statement of Activities on Exhibit B of this report.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Management's Discussion and Analysis (Continued)

December 31, 2011

	<u>Government Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues				
Capital Grants and Contributions	\$ -	\$ -	\$ -	0.00%
General Revenues:				
Ad Valorem Taxes	522,609	542,069	(19,460)	-3.59%
Sales Tax Revenue	929,940	852,566	77,374	9.08%
Other Revenues	489,119	513,539	(24,420)	-4.76%
Total Revenues	<u>\$ 1,941,668</u>	<u>\$ 1,908,174</u>	<u>\$ 33,494</u>	<u>1.76%</u>
Expenses:				
Operations	\$ (1,757,705)	\$ (1,785,847)	\$ (28,142)	-1.58%
Debt Service-Interest	(27,595)	(27,944)	(349)	-1.25%
Loss on Disposition	-	-	-	0.00%
Depreciation	<u>(170,491)</u>	<u>(168,646)</u>	<u>1,845</u>	<u>1.09%</u>
Total Expenses	<u>\$ (1,955,791)</u>	<u>\$ (1,982,437)</u>	<u>\$ (26,646)</u>	<u>-1.34%</u>
Changes in Net Assets	\$ (14,123)	\$ (74,263)	\$ 60,140	80.98%
Net Assets, Beginning of Year	<u>\$ 2,936,419</u>	<u>\$ 3,010,682</u>	<u>\$ (74,263)</u>	<u>-2.47%</u>
Net Assets, End of Year	<u>\$ 2,922,296</u>	<u>\$ 2,936,419</u>	<u>\$ (14,123)</u>	<u>-0.48%</u>

The District's revenue from ad valorem taxes decreased by \$19,460 or 3.59%. Sales tax revenue increased by \$77,374 or 9.08%. Other revenues decreased by \$24,420 or 4.76%. The increase in sales tax revenue was the result of a large project by a business within the district and an overall increase in sales within the district.

Operations expenses decreased largely due to a decrease in salaries and related benefits, which decreased by \$16,291 or 1.22%. This decrease is due to changes in personnel.

Depreciation expense increased by \$1,845 or 1.09%. This increase resulted from the acquisition of capital assets at a cost of \$10,581.



**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Management's Discussion and Analysis (Continued)

December 31, 2011

**Governmental Activities**

The Governmental Activities of the District include General Government. Ad valorem taxes (25.81%) and sales taxes (49.34%) fund these governmental activities.

Here we show the District's expenditures related to those functions typically associated with governments:

	<u>Amount</u>	<u>Percentage</u>
Public Safety - Fire	\$ 1,757,705	97.49%
Capital Outlay	10,581	0.59%
Debt Service	34,742	1.92%
Total Governmental Activities	<u>\$ 1,803,028</u>	<u>100.00%</u>

General revenues are those available for the District to use to pay for the governmental activities described above. The following chart shows the District's general revenues.

	<u>Amount</u>	<u>Percentage</u>
Ad Valorem Taxes	\$ 486,517	25.81%
State Revenue Sharing	9,635	0.51%
Fire Insurance Rebate	38,826	2.06%
Fire District No. 2	10,500	0.56%
Sales Tax Revenue	929,940	49.34%
State Supplemental Pay	127,778	6.78%
City Sales Tax Appropriation	278,750	14.79%
Other Revenues	2,840	0.15%
Total General Revenues	<u>\$ 1,884,786</u>	<u>100.00%</u>

Sales taxes are the largest source of revenue for the District, comprising 49.34% of governmental revenue. Ad valorem taxes are another large source of revenue, comprising 25.81% of governmental revenue. For the year ended December 31, 2011, taxes of 15 mills were levied on property inside of the District's limits. The District's taxable assessed valuations increased \$61,256 from \$35,150,268 to \$35,211,524

**2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District consist of one category: governmental funds.

A. Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

**Management's Discussion and Analysis (Continued)**

December 31, 2011

reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Exhibits A and B.

The District maintains one governmental fund, the General Fund. Information is presented for this fund on Exhibit A and Exhibit B of this report.

*Financial Analysis of the Governmental Funds*

As of the end of the current fiscal year, the General Fund reported an ending fund balance of \$1,013,768.

The District retains a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

**3. Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the table of contents.

**4. Other Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found in Schedule 1 of this report.

A. Budgetary Comparison Schedule – The District adopts an annual appropriated budget for the General Fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with this budget in Schedule 1.

B. Analysis of Significant Budget Variances in the District's General Fund:

1. Revenues:

- a. The amount budgeted for ad valorem tax revenue was under-budgeted due to an increase in collections.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Management's Discussion and Analysis (Continued)

December 31, 2011

- b. The amount budgeted for sales tax revenue was under-budgeted. This was the result of not knowing the amount of tax revenue to be generated from this source, increasing the sales tax collected over the previous year.
  - c. The amount for state revenue sharing was over-budgeted due to a delay in receiving the funds.
2. Expenditures:
- a. Salaries and related benefits were over-budgeted due to changes in personnel, which reduced overall salaries.
  - b. Insurance was over-budgeted due to a decrease in the workers' compensation premium and an increase in the dividend received.
  - c. Professional fees were under-budgeted due to the unexpected cost of litigation.

**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$2,516,449 (net of accumulated depreciation). This investment in capital assets includes land, improvements, and equipment. The total decrease in the District's investment in capital assets for 2011 was \$159,910 or 5.97%, mainly due to depreciation expense.

Major capital additions during the current fiscal year include equipment and furniture purchased at a cost of \$10,581.

Additional information on the District's capital assets can be found in Note 5 of this report.

**Economic Factors and Next Year's Budget and Rates**

The following factors were considered in preparing the District's budget for the 2012 fiscal year:

As noted in the government activities section above, sales taxes and ad valorem taxes are two of the District's largest sources of revenue. For fiscal year ending December 31, 2012 the District increased the ad valorem tax budget by \$25,932 over actual 2011 collections based on property valuations and expected collections.

City sales tax revenues have been increased by \$6,250 over actual 2011 collections due to the town's appropriations.

Budgeted expenditures for salaries and related benefits have been increased by \$60,756 over actual 2011 expenditures. The increase has been made due to normal salary increases and an increase in the cost of benefits.

Budgeted expenditures for capital outlay have been increased in the amount of \$27,415 over actual 2011 expenditures for expected purchases of personal protective equipment.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

**Management's Discussion and Analysis (Continued)**

December 31, 2011

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Agnes Prevost, Post Office Box 279, Amite, Louisiana, 70422.

## **Basic Financial Statements**

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Exhibit A

Governmental Fund Balance Sheet / Statement of Net Assets

December 31, 2011

	General Fund	Adjustments - Note 1	Statement of Net Assets
<b>Assets</b>			
Cash and Cash Equivalents	\$ 445,897	\$ -	\$ 445,897
Receivables:			
Ad Valorem Tax (Net of Allowances for Uncollectibles)	502,373	-	502,373
State Revenue Sharing	19,290	-	19,290
Tangipahoa Fire District No. 2	4,500	-	4,500
Sales Taxes	156,188	-	156,188
Other Receivables	1,269	-	1,269
Prepaid Expenses	10,814	-	10,814
Capital Assets, Net of Accumulated Depreciation (Note 5)	-	2,516,449	2,516,449
Total Assets	<u>\$ 1,140,331</u>	<u>\$ 2,516,449</u>	<u>\$ 3,656,780</u>
<b>Liabilities</b>			
Accounts Payable	\$ 23,436	\$ -	\$ 23,436
Accrued Interest Payable	11,420	-	11,420
Sheriff's Pension Fund Payable	20,535	-	20,535
Accounts Payable Payroll Liabilities	14,290	-	14,290
Deferred Revenue	56,882	(56,882)	-
USDA Loan Payable	-	664,803	664,803
Total Liabilities	<u>\$ 126,563</u>	<u>\$ 607,921</u>	<u>\$ 734,484</u>
<b>Fund Balance / Net Assets</b>			
Fund Balance			
Nonspendable - prepaid items	\$ 10,814	\$ (10,814)	\$ -
Restricted	35,776	(35,776)	-
Assigned	11,585	(11,585)	-
Unassigned	955,593	(955,593)	-
Net Assets			
Investments in Capital Assets, net of related debt	-	1,851,646	1,851,646
Restricted	-	35,776	35,776
Unrestricted	-	1,034,874	1,034,874
Total Fund Balance / Net Assets	<u>\$ 1,013,768</u>	<u>\$ 1,908,528</u>	<u>\$ 2,922,296</u>
Total Liabilities and Fund Balance	<u>\$ 1,140,331</u>		

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in  
Fund Balances / Statement of Activities

For the Year Ended December 31, 2011

	General Fund	Adjustments - Note 1	Statement of Activities
<b>Expenditures / Expenses:</b>			
Salaries and Related Benefits	\$ (1,324,183)	\$ -	\$ (1,324,183)
Salaries - Supplemental Pay	(127,778)	-	(127,778)
Compensation Paid Board Members	(1,800)	-	(1,800)
Sheriff's Pension Fund	(20,535)	-	(20,535)
Employee Medical and Training	(5,225)	-	(5,225)
Insurance	(105,805)	-	(105,805)
Office Supplies	(3,503)	-	(3,503)
Operating Supplies	(43,442)	-	(43,442)
Professional Fees	(55,038)	-	(55,038)
Repairs and Maintenance	(31,061)	-	(31,061)
Telephone and Utilities	(28,903)	-	(28,903)
Other	(10,432)	-	(10,432)
Capital Outlay	(10,581)	10,581	-
Depreciation	-	(170,491)	(170,491)
Debt Service:			
Principal	(7,147)	7,147	-
Interest	(27,595)	-	(27,595)
<b>Total Expenditures</b>	<b>\$ (1,803,028)</b>	<b>\$ (152,763)</b>	<b>\$ (1,955,791)</b>
<b>Program Revenues:</b>			
Grants and Contributions	-	-	-
<b>Net Program Revenues (Expenses)</b>	<b>\$ (1,803,028)</b>	<b>\$ (152,763)</b>	<b>\$ (1,955,791)</b>
<b>General Revenues:</b>			
Ad Valorem Taxes	\$ 486,517	\$ 36,092	\$ 522,609
Sales Tax Revenue	929,940	-	929,940
State Revenue Sharing	9,635	19,290	28,925
City Sales Tax Appropriation	278,750	-	278,750
Fire Insurance Rebate	38,826	-	38,826
Fire District No. 2	10,500	1,500	12,000
State Supplemental Pay	127,778	-	127,778
Interest on Investments	2,840	-	2,840
Other Revenues	-	-	-
<b>Total General Revenues</b>	<b>1,884,786</b>	<b>56,882</b>	<b>1,941,668</b>
<b>Excess (Deficiency) of Expenditures over</b>			
<b>Revenues</b>	<b>\$ 81,758</b>	<b>\$ (95,881)</b>	<b>\$ (14,123)</b>
<b>Fund Balance / Net Assets</b>			
Beginning of the Year	932,010	2,004,409	2,936,419
<b>End of the Year</b>	<b>\$ 1,013,768</b>	<b>\$ 1,908,528</b>	<b>\$ 2,922,296</b>

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements

As of and for the Year Ended December 31, 2011

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# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

### **Notes to the Financial Statements**

As of and for the Year Ended December 31, 2011

#### **Introduction**

The Tangipahoa Parish Fire Protection District No. 1 (hereinafter referred to as the "Fire District") was created by the Tangipahoa Parish Council as authorized by Act 194 of the 1942 Regular Session of the Louisiana Legislature. The Fire District was created for the purpose of acquiring, maintaining, and operating buildings, machinery, equipment, water tanks, water hydrants and waterlines, and other things necessary to provide proper fire prevention and control of the property within the Fire District. The boundaries of the Fire District encompass and provide fire protection to approximately 11,200 residents. The Fire District is governed by a board of commissioners consisting of five members who are resident taxpayers of the Fire District. These five commissioners are referred to as the Board of Commissioners. Two members are appointed by the Tangipahoa Parish Council and two members are appointed by the Town of Amite, the municipal corporation located within the Fire District. The fifth board member is selected by the other four board members and serves as chairman. The members serve terms of two years. Vacancies are filled by the bodies making the original appointments.

In accordance with Louisiana Revised Statute 40:1498, board members are paid \$30 per meeting not to exceed two meetings in any one calendar month. At the present time, the Fire District employs a total of twenty-three employees to include a fire chief, secretary, and twenty-one firefighters. The Fire District maintains an office, two fire stations in Amite, Louisiana, and substations in Velma, Louisiana and Arcola, Louisiana.

#### **1. Summary of Significant Accounting Policies**

##### **A. Basis of Presentation**

The accompanying financial statements of the Fire District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

##### **B. Financial Reporting Entity**

As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Tangipahoa Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

### Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish council to impose its will on that organization and / or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints two board members and has approval over their taxing authority, the Fire District was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Fire District and do not present information on the parish council, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

#### **C. Fund Accounting**

The Fire District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Fire District are classified as follows:

##### *Governmental Fund*

General Fund – The General Fund is the general operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund.

##### *Fiduciary Fund Types*

Agency Fund – The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Rather, this fund is used to account for assets held by the Fire District on behalf of those employees who participate in the Fire District's deferred compensation plan.

#### **D. Basis of Accounting**

The amounts reflected in the Governmental Funds of Exhibits A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e.,

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

### **Notes to the Financial Statements (Continued)**

As of and for the Year Ended December 31, 2011

expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Fire District operations.

The amounts reflected in the Governmental Funds of Exhibits A and B used the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurement means the amount of the transaction can be determined and available means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The Fire District considers all revenues available if they are collected with 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

#### *Revenues*

Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales taxes are recorded in the year in which they are assessed and become due and payable. Interest income represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned on checking accounts and certificates of deposit is recorded when earned. All other revenues are recorded when received.

#### *Expenditures*

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term debt, which are not recognized until due.

#### **E. Government-Wide Financial Statements**

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the Fire District as a whole. These statements include all the financial activities of the Fire District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B) for the year ended December 31, 2011 is as follows:

Exhibit A	
Recording of Net Capital Assets	\$ 2,516,449
Long Term Debt	(664,803)
Deferred Revenue	56,882
Net Effect of Changes	<u>\$ 1,908,528</u>

Exhibit B	
Capitalization of Capital Assets	\$ 10,581
Record Principal Payments	7,147
Record Depreciation Expense on Capital Assets	(170,491)
Record Deferred Revenue	56,882
Net Effect of Changes	<u>\$ (95,881)</u>

**F. Budgets**

The Fire District uses the following budgetary practices:

1. The Fire District prepares a budget on the cash basis of accounting. The Fire District adopted a budget for the General Fund for 2011.
2. The Fire District's secretary and fire chief prepare the proposed budget and submit same to the chairman and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for 2011 was presented to the chairman and board of commissioners on November 10, 2010.
3. A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for 2011 was published in the official journal within the required time frame.
4. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. The public hearing on the proposed budget for 2011 was held on December 16, 2010.
5. After the holding of the public hearing and completion of all actions necessary to finalize and implement the budget, the budget was adopted. The proposed budget for 2011 was adopted on December 16, 2010.
6. Budgetary amendments require the approval of the chairman and board of commissioners. The budget for 2011 was not amended.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

7. All budgetary appropriations lapse at year-end.
8. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

Excess (Deficiency) of Revenues over	
Expenditures (Exhibit B)	\$ 81,758
 Add: Prior Year Receivables	 685,245
Current Year Payables	126,563
 Less: Current Year Receivables	 683,620
Current Year Prepaid Expense	10,814
Prior Year Payables	<u>48,709</u>
 Excess (Deficiency) of Revenues over	
Expenditures (Schedule 1)	<u>\$ 150,423</u>

**G. Encumbrances**

The Fire District does not utilize encumbrance accounting.

**H. Deposits and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Fire District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Fire District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost.

**I. Inventories**

The Fire District uses the purchase method for accounting for expendable supplies where expenditures are recognized when the items are purchased. The Fire District did not record any inventory at December 31, 2011.

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

**J. Prepaid Expense**

Prepaid balances are for payments made by the District in the current year to receive services occurring in a subsequent fiscal year.

**K. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets and depreciation are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40
Communication and Electronic Equipment	10
Personal Protective Equipment	10 -12
Firefighting Vehicles	7 -25
Office & Station Furnishings and Miscellaneous	5 -20
Firefighting Equipment	10 -15
Rescue Equipment	10

**L. Compensated Absences**

The Fire District has the following policy relating to vacation and sick leave:

The Fire District's policy relating to vacation and sick leave is governed by Louisiana Fireman Civil Service Laws. After one year of continuous employment, each employee receives eighteen days of paid vacation. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days, all of which shall be with full pay. Vacation leave must be taken when earned and cannot be accumulated past the employee's anniversary date. All firemen are entitled to sick leave for a period of not less than fifty-two weeks. Sick leave is forfeited at termination of employment.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the General Fund when leave is actually taken.

At December 31, 2011, the Fire District recorded no liability for accumulated vacation leave, as the amount was not material.

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

### Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

#### M. Long-Term Obligations

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

#### N. Fund Balance/Net Assets

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

The District's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

### **Notes to the Financial Statements (Continued)**

**As of and for the Year Ended December 31, 2011**

#### Net Assets

For the government-wide statement of net assets, equity is classified and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

#### **O. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **P. Sales and Use Taxes**

In an election held July 19, 2003, the voters approved a one-half of one percent Sales Tax for providing a retirement system for the Fire District employees, hiring additional firefighters, and general operation of the District. The Fire District, through its governing authority, adopted a resolution on August 14, 2003, authorizing the imposition of the tax effective October 1, 2003.

The sales tax is collected by the Tangipahoa Parish School Board and remitted to the Fire District in the month following the receipt by the School Board. The School Board receives the sales tax approximately one month after collection by vendors. Sales taxes collected by the School Board in January and February have been accrued and are included under the caption “Accounts Receivable.”



**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

**2. Levied Taxes**

The following is a summary of authorized and levied ad valorem taxes:

	<u>2011</u>
General Fund	15.00 mils

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Fire District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2011, the Fire District levied 15 mills for a total tax levy of \$527,615 on taxable property valuation totaling \$35,211,524.

**3. Cash and Cash Equivalents**

At December 31, 2011, the Fire District had cash and cash equivalents (book balances) totaling \$445,897 as follows:

Demand Deposits	\$ 87,357
Money Market Accounts	<u>358,540</u>
Total	<u>\$ 445,897</u>

The bank deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in the holding or custodial bank that is mutually acceptable to both parties. At December 31, 2011, the Fire District had \$456,100 in bank deposits (collected bank balances).

These deposits are secured from risk as follows:

Bank Balances	<u>\$ 456,100</u>
Federal Deposit Insurance	\$ 300,199
Uncollateralized (Category 3)	
Pledged Securities	<u>\$ 555,936</u>
Total	<u>\$ 856,135</u>
Excess (Deficit) of Pledged Securities	<u>\$ 400,035</u>

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

**4. Receivables**

The following is a summary of receivables at December 31, 2011:

Ad Valorem Taxes	\$ 510,271
State Revenue Sharing	19,290
Tangipahoa Parish Fire District No. 2	4,500
Sales Tax	156,188
Other Receivables	1,269
Less allowance for doubtful accounts	<u>(7,898)</u>
Total	<u>\$ 683,620</u>

**5. Capital Assets**

A summary of changes in capital assets for 2011 follows:

	Balance 12/31/10	Increases	Decreases	Balance 12/31/11
Capital Assets Not Depreciated:				
Land and Land Improvements	\$ 245,540	\$ -	\$ -	\$ 245,540
Total Capital Assets Not Being Depreciated	<u>\$ 245,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,540</u>
Other Capital Assets:				
Buildings	\$ 1,370,650	\$ -	\$ -	\$ 1,370,650
Equipment	2,407,274	10,581	-	2,417,855
Total Other Capital Assets	<u>\$ 3,777,924</u>	<u>\$ 10,581</u>	<u>\$ -</u>	<u>\$ 3,788,505</u>
Less Accumulated Depreciation for:				
Buildings	\$ 188,112	\$ 34,271	\$ -	\$ 222,383
Equipment	1,158,993	136,220	-	1,295,213
Total Accumulated Depreciation	<u>\$ 1,347,105</u>	<u>\$ 170,491</u>	<u>\$ -</u>	<u>\$ 1,517,596</u>
Other Capital Assets, Net	<u>2,430,819</u>	<u>(159,910)</u>	<u>-</u>	<u>2,270,909</u>
Totals	<u>\$ 2,676,359</u>	<u>\$ (159,910)</u>	<u>\$ -</u>	<u>\$ 2,516,449</u>

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

### **6. Deferred Compensation Plan**

The Fire District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Fire District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Fire District (without being restricted to the provisions of the benefits under the plan), subject only to the claims of the Fire District's general creditors. Participant's rights under the plan are equal to those of general creditors of the Fire District in an amount equal to the fair market value of the deferred account for each participant.

According to Article VII 7.03 of the plan document, the Fire District has no liability for losses under the plan except where it can be shown that fraud or wrongful taking has occurred. Account value with The Hartford totaled \$673,039 at December 31, 2011. Deposits with the Public Employees Benefits Services Corporation totaled \$76,714 at December 31, 2011.

### **7. Employer Defined Contribution Pension Plan**

On January 1, 2004, the District adopted "The Tangipahoa Parish Fire District 1 401(a) Plan" whereby for each plan year the District may make a matching contribution equal to a percentage of the eligible participant's elective deferrals that each such participant is making under the Tangipahoa Parish Fire District 1 457 Plan referred to in note 6 above. For the year ended December 31, 2011, the District contributed 5% to each eligible employee's account and made a matching contribution up to 5% of each participant's elective deferral to the Tangipahoa Parish Fire District 1 457 Plan. An employee becomes an eligible participant under the plan after one year of service. The participant has a nonforfeitable (vested) right to his account of 50% after five years and 100% after 7 years of participation in the plan. Employer matching contributions under the plan for all participating employers for the year ended December 31, 2011, totaled \$107,346. Account value with The Hartford totaled \$548,008 at December 31, 2011.

### **8. Other Post Employment Benefits**

The Fire District has no other post employment benefits.

### **9. Leases**

The Fire District has no capital leases or operating leases at December 31, 2011.

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

### **10. Changes in Long-Term Obligations**

The following is a summary of debt transactions for the Fire District for the year ended December 31, 2011:

	Note Payable Obligation	Total
Balance at January 1, 2010	\$ 671,950	\$ 671,950
Increase in Debt	-	-
Principal Payments	(7,147)	(7,147)
Balance at December 31, 2011	<u>\$ 664,803</u>	<u>\$ 664,803</u>

The Revenue Bonds payable consist of an issue financed by the U.S. Department of Agriculture to pay part of the cost of construction of the new fire station. The revenue bonds, dated August 2, 2007, for a total amount of \$688,000, will be due in annual installments of principal and interest, totaling 35,776, payable for 40 years, with an interest at 4.125%, beginning August 2, 2008. Additionally, the Fire District maintains a separate account (Sinking Fund) at a local bank with a minimum balance at all times equal to the annual installment of principal and interest.

### **11. Compensation Paid Board Members**

Louisiana Revised Statute 40:1498 provides that each member of the board of commissioners or the Fire District shall receive compensation in the amount of thirty dollars per meeting, not to exceed two meetings in any one calendar month. Compensation paid to individual board members is presented with the accompanying supplementary schedule.

### **12. Local Service Agreements**

The Fire District has entered into a contractual agreement with the Rural Fire Protection District No. 2 of Tangipahoa Parish whereby the Fire District will furnish initial response fire protection in certain areas within the boundaries of the Tangipahoa Parish Rural Fire Protection District No. 2 and within a five-mile radius of the Amite Fire Station. In consideration for such service, the Tangipahoa Parish Rural Fire Protection District No. 2 agreed to pay the Fire District \$6,000 per year (generally \$1,500 each quarter).

In addition to the agreement with Rural Fire Protection district No. 2, the Fire district has entered into local service agreements with the Loranger Volunteer Fire Department and the Wilmer Volunteer Fire Department (the Volunteer Fire Departments). Under the terms of these agreements the Fire District will furnish initial response fire protection and emergency medical services in Wards 4 and 5 (known as Amite Fire Service Area East) that includes portions of the Volunteer Fire Departments' response area. The consideration for such services shall be a monthly payment of \$250 from each of the Volunteer Fire Departments, payable quarterly from proceeds of Rural Fire Protection District No. 2's allocation for the volunteer Fire Departments. These agreements will remain in effect until December 31, 2013.

The revenue from the above agreements is reported under "Fire District No. 2."

# **Tangipahoa Parish Fire Protection District No. 1**

## **Amite, Louisiana**

Notes to the Financial Statements (Continued)

As of and for the Year Ended December 31, 2011

### **13. Contract with Communication District Number One**

In 2010 the Fire District entered into an intergovernmental agreement with Tangipahoa Communication District Number One (the Communication District) whereby the Communication District will answer all emergency 911 lines and radio dispatch for and on behalf of the Fire District. In consideration of this service the Fire District shall pay for its share of certain costs and charges of the Communication District based on an allocable percentage of call volume of the Communication District. The term of the contract is for one year, renewable annually, at an annual cost to the fire District of approximately \$8,000.

### **14. On-Behalf Payments for Salaries and Benefits**

During 1997, the Fire District implemented GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This standard requires the Fire District to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to certain groups of fire employees.

Supplementary salary payments are made by the state directly to certain groups of employees. The Fire District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2011, the state paid supplemental salaries to the following groups of employees of the Fire District.

On-behalf payments recorded as revenues and expenditures (expenses) in the 2011 financial statements are as follows:

General Fund:

Fireman Supplemental Pay	<u>\$ 127,778</u>
Total On-Behalf Payments	<u>\$ 127,778</u>

The Fire District is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments.

### **15. Litigation and Claims**

The Fire District is a defendant in two lawsuits, which are currently pending, and management persists in its vigorous defense of these claims. Only one of the lawsuits is seeking damages. This case is still in the discovery stages and any possible liabilities or potential loss is undeterminable at this time.

### **16. Management's Review**

Management has evaluated subsequent events through July 10, 2012, the date the financial statements were available to be issued. No subsequent events after this date have been evaluated for inclusion in these financial statements.

## **Required Supplementary Information**

Tangipahoa Parish Fire Protection District No. 1  
Amite, Louisiana

Schedule 1

General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Non-GAAP Basis) and Actual

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 509,000	\$ 509,000	\$ 532,260	\$ 23,260
Sales Tax Revenue	850,000	850,000	924,659	74,659
State Revenue Sharing	34,664	34,664	28,949	(5,715)
Fire Insurance Rebate	30,000	30,000	38,826	8,826
Fire District No. 2	12,000	12,000	10,500	(1,500)
State Supplemental Pay	132,000	132,000	127,778	(4,222)
Interest on Investments	900	900	2,840	1,940
City Sales Tax	285,000	285,000	278,750	(6,250)
Other Revenues	2,000	2,000	-	(2,000)
Total Revenues	<u>1,855,564</u>	<u>1,855,564</u>	<u>1,944,562</u>	<u>88,998</u>
Expenditures:				
Salaries and Related Benefits	1,348,400	1,348,400	1,322,344	26,056
Salaries - Supplemental Pay	132,000	132,000	127,778	4,222
Compensation Paid Board Members	1,950	1,950	1,800	150
Sheriff's Pension Fund	23,000	23,000	20,637	2,363
Employee Medical	1,500	1,500	2,634	(1,134)
Employee Training	7,500	7,500	2,591	4,909
Insurance	158,000	158,000	116,619	41,381
Office Supplies	3,500	3,500	2,928	572
Operating Supplies	58,500	58,500	41,405	17,095
Professional Fees	9,000	9,000	41,014	(32,014)
Repairs and Maintenance	43,000	43,000	30,131	12,869
Telephone and Utilities	33,800	33,800	30,465	3,335
Other	12,800	12,800	10,432	2,368
Capital Outlay	20,000	20,000	7,585	12,415
Debt Service	35,776	35,776	35,776	-
Total Expenditures	<u>1,888,726</u>	<u>1,888,726</u>	<u>1,794,139</u>	<u>94,587</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,162)	(33,162)	150,423	183,585
Fund Balance - Beginning of the Year	<u>270,467</u>	<u>270,467</u>	<u>295,473</u>	<u>25,006</u>
Fund Balance - End of the Year	<u>\$ 237,305</u>	<u>\$ 237,305</u>	<u>\$ 445,896</u>	<u>\$ 208,591</u>

See auditor's report.

## **Other Supplementary Information**



**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

Schedule 2

Supplemental Information

As of and for the Year Ended December 31, 2011

Schedule of Compensation Paid Board of Commissioners

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The compensation paid to the Board of Commissioners is included in the expenditures of the General Fund. In accordance with Louisiana Revised Statute 40:1498, board members are paid \$30 for attending meetings of the Board, not to exceed two meetings in any one calendar month.

	<u>Total</u> <u>Meetings</u>	<u>Meetings</u> <u>Present</u>	<u>Amount</u>
E Ray Glasgow PO Box 918 Amite, LA 70422 985-748-8191	15	13	\$ 390
Bryan Brumfield PO Box 308 Amite, LA 70422 985-748-6224	15	15	450
Carl Foster 611 S Laurel Street Amite, LA 70422 985-510-1966	15	10	300
Charles Guzzardo PO Box 957 Amite, LA 70422 985-748-7531	15	12	360
Michael Harrelson 61377 Hwy 1046 Amite, LA 70422 985-748-3410	15	10	<u>300</u>
			<u>\$ 1,800</u>

**Tangipahoa Parish Fire Protection District No. 1**  
**Amite, Louisiana**

List of Insurance Policies in Force  
(Unaudited)  
December 31, 2011

<u>Insurance/Policy No.</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
American Alternative Insurance Company VFIS-TR-2054758-04	Commercial Property: 210 NE Central Avenue Amite, LA Buildings Personal Property 200 Block NE Central Avenue Amite, LA Building 13201 Ballpark Road Independence, LA Building 104 Campo Lane Amite, LA Building Personal Property	\$ 603,293 137,230   111,020   20,133  616,428 108,999	6/28/11 - 6/28/12
	General Liability: Each occurrence General aggregate	1,000,000 2,000,000	
	Crime Coverages: Employee Dishonesty (Each)	35,000	
American Alternative Insurance Company VFIS-CM-1052932-04	Commercial Automobile: Liability, including uninsured motorist Property - Scheduled	1,000,000 1,628,497	6/28/11 - 6/28/12
Louisiana Workers' Compensation Corporation 3352-B	Workers' compensation insurance	Statutory Limits	11/5/11 - 11/5/12

**Other Independent Auditor's Reports and  
Findings and Recommendations**

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

# PEDELAHORE & CO., LLP

*Certified Public Accountants*

ROBERT J. MORA, CPA  
MARY H. VALIGOSKY, CPA  
MILTON B. CAVALIER, CPA  
JENNIFER L. DORAN, CPA

MEMBER  
AMERICAN INSTITUTE OF CPA'S  
SOCIETY OF LOUISIANA CPA'S

Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance And Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

Mr. E. Ray Glasgow, Chairman and  
Members of the Board of Commissioners  
Tangipahoa Parish Fire Protection District No. 1.  
Amite, Louisiana

We have audited the financial statements of the governmental activities and the general fund of the Tangipahoa Parish Fire Protection District No. 1, Amite, Louisiana, a component unit of the Tangipahoa Parish Council, as of for the year ended December 31, 2011, which collectively comprise the Tangipahoa Parish Fire Protection District No. 1's basic financial statements and have issued our report thereon dated July 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Tangipahoa Parish Fire Protection District No. 1 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tangipahoa Parish Fire Protection District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Fire Protection District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Peddleton & Co., LLP". The signature is written in a cursive, flowing style.

July 10, 2012

## **Findings and Recommendations**

# **Tangipahoa Parish Fire Protection District No. 1**

## **Schedule of Findings and Questioned Costs**

**For the Year Ended December 31, 2011**

### **Section I – Summary of Auditor's Results**

#### *Financial Statements*

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____yes	___X___none reported
Noncompliance material to financial statements noted?	_____yes	___X___no

#### *Federal Awards*

This section is not applicable for fiscal year ended December 31, 2011.

### **Section II – Financial Statement Findings**

There are no financial statement findings.

### **Section III – Federal Award Findings and Questioned Costs**

Not applicable

### **Section IV – Management Letter**

None issued



## **Summary Schedule of Prior Audit Findings**

# **Tangipahoa Parish Fire Protection District No. 1**

## **Summary Schedule of Prior Year Audit Findings**

For the Year Ended December 31, 2011

Ref #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Plan Corrective Action / Partial Corrective Action Taken	Additional Explanation
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### **Internal Control Over Financial Reporting**

None

### **Compliance and Other Matters**

None

### **Management Letter Suggestions**

None

*Note: This schedule has been prepared by the management of the Tangipahoa Parish Fire Protection District No. 1.*